



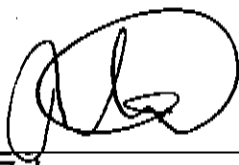
THE MSUNDUZI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2006

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 49, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act



T Zulu
Municipal Manager

31-08-06

Date


THE MSUNDUZI MUNICIPALITY

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THE MSUNDUZI MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006

	Note	2006 R	2005 R
NET ASSETS AND LIABILITIES			
Net Assets		775,213,255	820,806,979
Housing Development Fund	1	50,214,760	47,915,257
Capital Replacement Reserve	2		
Capitalisation Reserve	2	207,119,966	231,980,240
Government Grant Reserve	2	436,308,378	364,246,017
Donations and Public Contributions Reserve	2	56,737,759	53,757,399
Self-Insurance Reserve	2	15,651,258	10,187,588
Revaluation Reserve	2		
Accumulated Surplus		9,181,133	112,720,479
Non-Current Liabilities		374,633,569	291,873,458
Long-Term Liabilities	3	326,223,290	291,463,179
Non-Current Provisions	4	48,410,279	410,279
Current Liabilities		454,684,871	415,732,119
Consumer Deposits	5	9,083,964	9,782,767
Current Provisions	6	1,546,678	1,284,235
Creditors	7	283,973,054	222,323,668
Unspent Conditional Grants and Receipts	8	100,945,469	152,525,571
VAT	9	33,093,116	29,815,878
Current Portion of Long-Term Liabilities	3	26,042,590	-
Total Net Assets and Liabilities		1,604,531,696	1,528,412,557
ASSETS			
Non-Current Assets		1,106,700,056	994,167,769
Property, Plant and Equipment	10	1,091,225,813	982,271,746
Investments	11	1,908,017	1,908,017
Long-Term Receivables	12	13,566,226	9,988,006
Current Assets		497,831,639	534,244,788
Inventory	13	35,285,947	13,009,675
Consumer Debtors	14	191,752,006	295,151,046
Other Debtors	15	32,656,518	66,570,621
Current Portion of Long-Term Receivables	12	-	-
Call Investment Deposits	11	210,605,059	140,453,782
Cash		38,307	37,281
Bank	16	27,493,801	19,022,383
Total Assets		1,604,531,696	1,528,412,557

<div>  THE MSUNDUZI MUNICIPALITY </div>			
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006			
		Actual 2006	Actual 2005
Description	Note	R	R
Revenue			
Property Rates	17	381,428,996	337,560,837
Property Rates - Penalties and Collection Charges		15,055,792	26,411,743
Service Charges	18	847,161,656	601,833,294
Rentals Received		1,589,536	4,466,559
Interest earned - External Investments		10,169,156	5,350,641
Interest earned - Outstanding debtors		3,345,165	15,153,084
Other Interest		18,773,089	15,970
Fines		10,633,757	7,574,822
Licences & Permits		88,544	0
Income for Agency Services		954,658	0
Governments Grants & Subsidies	19	250,183,184	106,129,535
Public Contributions & Donations		0	0
Other Income	20	59,843,711	124,988,459
Total Revenue		1,599,227,243	1,229,484,944
Expenditure			
Employee related Costs	22	383,601,897	360,629,769
Remuneration of Councillors	23	10,947,545	10,005,955
Bad Debts		0	66,999,692
Collection Costs		5,505	0
Depreciation		78,449,924	67,288,670
Repairs & Maintenance		49,458,335	42,427,465
Interest Paid	24	43,165,282	39,091,273
Bulk Purchases	25	456,652,301	427,974,288
Grants & Subsidies Paid	26	3,658,668	267,861
Contributions to Provisions		15,413,411	0
General Expenses Other	21	389,786,555	209,300,059
Total Expenditure		1,431,139,423	1,223,985,032
Operating Surplus/(Deficit)		168,087,820	5,499,912

THE MSUNDUZI MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006

	<u>Accounts unbundled</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contributions Reserve</u>	<u>Self-insurance Reserve</u>	<u>Housing Development fund</u>	<u>Unappropriated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R	R	R
2005								
Balance at 01 July 2004	1,408,011,814				47,221,428	46,628,023	1,027,788	1,502,889,053
Transactions i.r.o. Previous Year	-	-	-	-	-	-	(30,650)	(30,650)
Correction of Error (Note 36)	-	-	-	-	-	-	575,286	575,286
Changes in Accounting Policy (Note 39)	(1,408,011,814)	255,933,702	382,172,164	56,709,115	-	203,542	68,532,602	(644,460,689)
Restated Balance	-	255,933,702	382,172,164	56,709,115	47,221,428	46,831,564	70,105,026	858,973,000
Accumulated Surplus/(Deficit) for the year					(37,033,841)	1,083,693	5,499,912	(30,450,236)
Transfer to CRR								-
Transfer Interest Earned to Grants and Donations								-
Property, Plant and Equipment Purchased								-
Capital Grants used to Purchase PPE								-
Donated/Contributed PPE								-
Transfer to Provision								-
Asset Disposals								-
Offsetting of Depreciation	-	(23,953,462)	(17,926,147)	(2,951,716)			44,831,325	-
Balance at 30 June 2005	-	231,980,240	364,246,017	53,757,399	10,187,588	47,915,257	120,436,264	828,522,765
2006								
Balance at 01 July 2005	-	231,980,240	364,246,017	53,757,399	10,187,588	47,915,257	120,436,264	828,522,765
Correction of Error (Note 36)	-	-	-	-	-	-	(7,715,785)	(7,715,785)
Restated Balance	-	231,980,240	364,246,017	53,757,399	10,187,588	47,915,257	112,720,479	820,806,979
Accumulated Surplus/(Deficit) for the year							170,590,865	170,590,865
Changes in Accounting Policy (Note 39)		218,928	1,381,257	301,025		(203,542)	4,654,072	6,351,740
Transfer to HDF						2,503,045	(2,503,045)	-
Transfer Interest Earned to Grants and Donations								-
Property, Plant and Equipment Purchased								-
Capital Grants used to Purchase PPE			90,821,893	6,579,595			(97,401,488)	-
Donated/Contributed PPE								-
Transfer to Provisions							(228,000,000)	(228,000,000)
Contribution to Insurance Reserve								-
Insurance Claims Processed					5,463,670			5,463,670
Asset Disposals								-
Offsetting of Depreciation		(25,079,202)	(20,140,788)	(3,900,260)			49,120,250	-
Balance at 30 June 2006	-	207,119,966	436,308,378	56,737,759	15,651,258	50,214,760	9,181,133	775,213,255

THE MSUNDUZI MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
CASH GENERATED BY OPERATING ACTIVITIES			
Cash Receipts from Ratepayers, Government and Other		1,648,283,605	1,315,178,298
Cash Paid to Suppliers and Employees		(1,439,719,110)	(1,121,928,290)
Cash Generated from Operations	28	208,564,495	193,250,008
Interest Received		32,287,410	20,487,755
Interest Paid		(43,165,282)	(39,091,273)
NET CASH FROM OPERATING ACTIVITIES		197,686,623	174,646,490
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(187,412,703)	(273,665,933)
Disposal of Housing assets		8,712	
(Increase)/Decrease in Non-Current Receivables		(3,578,220)	9,017,617
Increase in Investments		-	
NET CASH FROM INVESTING ACTIVITIES		(190,982,211)	(264,648,317)
CASH FLOW FROM FINANCING ACTIVITIES			
New Loans Raised		60,802,701	(13,667,385)
Increase/(Decrease) in Consumer Deposits		(698,803)	3,068,673
Non-operating Income Receipted in Provisions/Reserves		12,628,091	19,693,225
Non-operating Expenditure Charged against Provisions/Reserves		(7,164,420)	(56,277,927)
Changes in Accounting Policy		6,351,740	186,938,254
NET CASH FROM FINANCING ACTIVITIES		71,919,308	139,754,839
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	29	78,623,720	49,753,011
Cash and cash equivalents at the beginning of the year	29	159,513,447	109,760,436
Cash and cash equivalents at the end of the year	29	238,137,167	159,513,447
		78,623,720	49,753,011

THE MSUNDUZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

In accordance with section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the Municipality has adopted Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year, GAMAP and GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in Note 30. Furthermore, the Municipality has changed its accounting policy in respect of Regional Council Levies as set out in Note 31.

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants - Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

5. RESERVES

5.1 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are

depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.2 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.3 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.4 Self-Insurance Reserve

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally in respect of buildings, vehicles and property. The fund is liable for all claims in excess of R500 per dwelling for house owners and R500 000 aggregate excess on the combined policy (buildings). Departments are charged premiums in accordance with the values of assets insured relevant to each type of risk bearing in mind claims experienced.

5.5 COID Reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of the exemption from the Compensation Commissioner, the Municipality has established a COID reserve to offset claims from employees.

Amounts are transferred to the COID Reserve based on the assessment by the Compensation Commissioner for Occupational Injuries and Diseases (COID) on an annual basis.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are re-valued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life. Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. Where impaired land and buildings are re-valued, the increase in value of land and buildings are recognised as revenue to the

extent that it reverses the impairment loss previously recognised as an expense. The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up. Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

<u>Infrastructure</u>		<u>Other</u>	
	<u>Years</u>		<u>Years</u>
Roads & Paving	30	Buildings	30
Pedestrian Malls	30	Specialist Vehicles	10
Electricity	20-30	Other Vehicles	5
Water	15-20	Office Equipment	3-7
Sewerage	15-20	Furniture & Fittings	7-10
Housing	30	Watercraft	15
		Bins & Containers	5
		Specialised Plant & Equipment	10-15
		Other Items of Plant and	
		Equipment	2-5
		Landfill Sites	15
<u>Community</u>			
	<u>Years</u>		
Buildings	30		
Recreational facilities	20-30		
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions - see Accounting Policy 13 on Provisions.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

7. INVESTMENTS

7.1 Financial Instruments

Financial instruments, which include, call deposits and short-term deposits invested in registered commercial banks, are stated at cost.

8. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

9. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

10. TRADE CREDITORS

Trade creditors are stated at their nominal value.

11. REVENUE RECOGNITION

11.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

11.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

12. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

13. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current

provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

14. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

15. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), The Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

19. COMPARATIVE INFORMATION

19.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

19.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	50,214,760	47,915,257
Unappropriated Surplus	15,957,868	13,658,364
Loans extinguished by Government on 1 April 1998	34,256,892	34,256,892

The Housing Development Fund is represented by the following assets and liabilities:

Property, plant and equipment	194,830	2,037,914
Housing selling scheme loans	5,765,421	5,785,589
Housing Rental Debtors	2,951,309	1,514,330
Investments	0	33,577,000
Bank and cash	41,316,571	5,084,785
Sub-total	50,228,131	47,999,619
Internal Advances	0	-73,291
Creditors	-13,372	-11,071
	<u>50,214,759</u>	<u>47,915,257</u>

2 RESERVES

Capital Replacement Reserve	0	0
Capitalisation Reserve	207,119,966	231,980,240
Government Grant Reserve	436,308,378	364,246,017
Donations and Public Contributions Reserve	56,737,759	53,757,399
Self-insurance Reserve	15,651,258	10,187,588
Revaluation Reserve	0	0
Total Reserves	<u>715,817,361</u>	<u>660,171,244</u>

3 LONG-TERM LIABILITIES

Local Registered Stock Loans	20,428,130	22,700,164
Annuity Loans	331,837,750	268,763,015
Capitalised Lease Liability	-	-
SUB-TOTAL	<u>352,265,880</u>	<u>291,463,179</u>
Less: Current Portion Transferred To Current Liabilities	26,042,590	-
Local Registered Stock Loans	19,603,038	-
Annuity Loans	6,439,552	-
Capitalised Lease Liability	-	-
TOTAL EXTERNAL LOANS	<u>326,223,290</u>	<u>291,463,179</u>

Refer Appendix A For More Detail On Long-Term Liabilities.

The Capitalised Lease Liability Is Secured Over The Item Of Plant Leased.

4 NON-CURRENT PROVISIONS

Quarry Rehabilitation Fund	410,279	410,279
Landfill Rehab Provision	3,000,000	-
Stated Benefits Provision	45,000,000	-
Total Non-Current Provisions	<u>48,410,279</u>	<u>410,279</u>

STATED BENEFITS PROVISION	LANDFILL REHAB PROVISION	QUARRY REHABILITATION FUND
------------------------------	-----------------------------	-------------------------------

THE MOVEMENT IN THE PROVISIONS IS RECONCILED AS FOLLOWS:-

Balance At Beginning Of Year			410,279
Contributions	45,000,000	3,000,000	-
Other Income		-	-
Expenditure Incurred		-	-
Increase Due To Discounting		-	-
Transfer To Current Provisions		-	-
BALANCE AT END OF YEAR	<u>45,000,000</u>	<u>3,000,000</u>	<u>410,279</u>

5 CONSUMER DEPOSITS

Rates	906,618	1,551,997
Electricity	3,419,286	3,383,795
Water	4,758,059	4,846,975
Total Consumer Deposits	<u>9,083,964</u>	<u>9,782,767</u>

Interest Is Accrued On Consumer Deposits For Service Charges

Guarantees In lieu of electricity and water deposits	<u>1,673,757</u>	-
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THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

6 CURRENT PROVISIONS

Performance bonus	1,546,678	1,284,235
TOTAL CURRENT PROVISIONS	1,546,678	1,284,235

Performance bonuses are paid in arrear as per Council policy, in October.

THE MOVEMENT IN THE CURRENT PROVISION IS RECONCILED AS FOLLOWS:-

Balance At Beginning Of Year	-	1,918,790
Transfer From Non-Current Provisions	-	-
Contributions	1,546,678	1,057,118
Expenditure Incurred	-	(2,975,908)
Balance At End Of Year	1,546,678	-

7 CREDITORS

Trade Creditors	40,570,338	38,908,258
Payments Received In Advance	-	-
Retention	5,563,345	3,060,188
Other Deposits	11,508,223	10,633,480
Other Creditors	226,331,148	169,721,741
TOTAL CREDITORS	283,973,054	222,323,668

8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

CONDITIONAL GRANTS FROM GOVERNMENT	95,731,668	147,204,958
National Grants	94,015,686	137,119,052
Provincial Grants And Subsidies	1,715,982	10,085,906
Other Conditional Receipts	5,213,801	5,320,613
TOTAL CONDITIONAL GRANTS AND SUBSIDIES	100,945,469	152,525,571

Amount Received And Invested Until Utilised (Note 11)

-	-
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9 VAT

Vat Payable	33,093,116	29,815,878
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As Vat is paid on the receipts basis, the above amount represents the unpaid Vat raised on Service Charges.

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2006

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
R	R	R	R	R	R
Carrying Values at 1 July 2005	105,022,995	486,102,611	104,269,925	286,876,214	982,271,746
Cost					
Revaluation					
Accumulated Depreciation					
- Cost					
- Revaluation					
Acquisitions	1,914,817	50,743,662	10,600,117	29,442,119	92,700,716
Capital Under Construction	757,115	54,504,608	10,704,030	28,746,234	94,711,987
Depreciation	(2,871,824)	(51,736,731)	(5,292,626)	(18,548,743)	(78,449,924)
- Based on Cost					
- Based on Revaluation					
Carrying Value of Disposals	-	-	-	-	-
Cost					
Accumulated Depreciation					
Impairment Losses	-	-	-	-	-
Other Movements	-	-	-	-	-
Carrying Values at 30 June 2006	104,823,104	539,614,149	120,281,446	326,507,113	1,091,225,813
Cost					
Revaluation					
Accumulated Depreciation					
- Cost					
- Revaluation					

30 June 2005

Reconciliation of Carrying Value	Land and buildings	Infrastructure	Community	Other	Total
R	R	R	R	R	R
Carrying Values at 1 July 2004	115,406,160	903,994,430	119,491,226	401,070,121	1,539,961,936
Cost					
Revaluation					
Accumulated Depreciation					
- Cost					
- Revaluation					
Acquisitions	6,011,437	75,560,467	15,439,042	74,181,771	171,192,717
Capital Under Construction	-	-	-	-	-
Depreciation	(16,394,601)	(493,452,286)	(30,660,343)	(188,375,677)	(728,882,907)
- Based on Cost					
- Based on Revaluation					
Carrying Value of Disposals	-	-	-	-	-
Cost					
Accumulated Depreciation					
Impairment Losses	-	-	-	-	-
Other Movements	-	-	-	-	-
Carrying Values at 30 June 2005	105,022,995	486,102,611	104,269,925	286,876,214	982,271,746
Cost					
Revaluation					
Accumulated Depreciation					
- Cost					
- Revaluation					

(Refer Note 36 - Correction of Error i.r.o. Carrying Values at 30 June 2005)

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
11 INVESTMENTS		
<u>FINANCIAL INSTRUMENTS</u>		
Fixed Deposits - Long-Term	1,908,017	1,908,017
Total Financial Instruments	<u>1,908,017</u>	<u>1,908,017</u>
<u>CALL INVESTMENT DEPOSITS</u>		
Other Deposits - Short-Term	210,605,059	140,453,782
Call Account Deposits	-	-
Total Call Investment Deposits	<u>210,605,059</u>	<u>140,453,782</u>
TOTAL INVESTMENTS	<u>212,513,077</u>	<u>142,361,800</u>
Average Rate Of Return On Investments	7.34%	6.78%
12 LONG-TERM RECEIVABLES		
Housing	12,801,558	9,090,665
Loans To Education Facilities And Sporting Bodies.	574,699	718,877
Staff Loans	189,969	178,464
	<u>13,566,226</u>	<u>9,988,006</u>
Less: Current Portion Transferred To Current Assets	-	-
Total Long-Term Receivables	<u>13,566,226</u>	<u>9,988,006</u>
LOANS TO EDUCATION FACILITIES AND SPORTING BODIES.		
COUNCIL GRANTED LOANS TO SPORTING BODIES WITHIN ITS JURISDICTION, THIS POLICY HAS SINCE BEEN ABOLISHED AND NO NEW LOANS ARE ISSUED.		
13 INVENTORY		
CONSUMABLE STORE	12,227,806	11,907,749
WORKSHOP STORE	674,579	706,811
DIESEL & PETROL	313,027	395,115
UNUSED WATER	443,304	-
TREES	21,627,231	-
	<u>35,285,947</u>	<u>13,009,675</u>
Less: Provision for Obsolescence	-	-
Total Inventory	<u>35,285,947</u>	<u>13,009,675</u>

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
14 CONSUMER DEBTORS		
AS AT 30 JUNE 2006		
SERVICE DEBTORS	GROSS BALANCES	PROVISION FOR BAD DEBTS
RATES	349,341,435	(157,589,429)
CLEANSING	174,596,130	(54,360,398)
ELECTRICITY	25,892,899	(16,674,604)
SEWERAGE	64,249,760	(58,169,518)
WATER	13,538,779	(10,728,764)
HOUSING RENTALS	71,063,866	(17,656,145)
TOTAL	349,341,435	(157,589,429)
		NET BALANCE
		191,752,006
AS AT 30 JUNE 2005		
SERVICE DEBTORS	465,151,057	(170,000,011)
RATES	144,289,046	(17,670,531)
CLEANSING	19,690,709	(2,409,776)
ELECTRICITY	228,951,663	(119,200,839)
SEWERAGE	10,657,948	(1,953,606)
WATER	61,461,690	(28,765,259)
HOUSING RENTALS		
TOTAL	465,151,057	(170,000,011)
		295,151,046
RATES: AGEING		
CURRENT (0 - 30 DAYS)	3,837,071	-
31 - 60 DAYS	5,979,705	-
61 - 90 DAYS	5,561,792	-
91 - 120 DAYS	4,809,572	-
121 - 365 DAYS	4,445,402	-
+ 365 DAYS	149,962,588	-
ADJUSTMENT FOR CORRECTIONS		
TOTAL	174,596,130	-
ELECTRICITY, REFUSE, SEWERAGE & WATER: AGEING		
CURRENT (0 - 30 DAYS)	32,343,391	-
31 - 60 DAYS	14,119,506	-
61 - 90 DAYS	9,277,776	-
91 - 120 DAYS	9,666,488	-
121 - 365 DAYS	9,493,869	-
+ 365 DAYS	99,844,275	-
ADJUSTMENT FOR CORRECTIONS		
TOTAL	174,745,305	-
HOUSING DEBTORS: AGEING		
CURRENT (0 - 30 DAYS)	31,956	-
31 - 60 DAYS	41,419	-
61 - 90 DAYS	36,557	-
91 - 120 DAYS	43,365	-
121 - 365 DAYS	876,579	-
+ 365 DAYS	3,371,318	-
TOTAL	4,401,194	-

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
SUMMARY OF DEBTORS BY CUSTOMER CLASSIFICATION		
30 JUNE 2006		
CURRENT (0 - 30 DAYS)	16,116,755	3,108,069
31 - 60 DAYS	8,778,973	3,872,144
61 - 90 DAYS	8,386,413	3,404,742
91 - 120 DAYS	8,501,066	3,009,321
121 - 365 DAYS	8,787,074	2,688,656
+ 365 DAYS	148,428,694	40,682,467
SUB-TOTAL	198,998,975	56,765,399
LESS: PROVISION FOR BAD DEBTS	-	-
TOTAL DEBTORS BY CUSTOMER CLASSIFICATION	198,998,975	56,765,399
30 JUNE 2005		
CURRENT (0 - 30 DAYS)	-	-
31 - 60 DAYS	-	-
61 - 90 DAYS	-	-
91 - 120 DAYS	-	-
121 - 365 DAYS	-	-
+ 365 DAYS	-	-
ADJUSTMENT FOR CORRECTIONS	-	-
SUB-TOTAL	-	-
LESS: PROVISION FOR BAD DEBTS	-	-
TOTAL DEBTORS BY CUSTOMER CLASSIFICATION	-	-
BAD DEBT PROVISION		
BALANCE AT BEGINNING OF YEAR	170,000,011	104,114,001
CONTRIBUTIONS	417,149,698	169,072,003
TRANSFERS	-	-
BAD DEBTS WRITTEN OFF	(429,560,280)	(103,185,994)
BALANCE AT THE END OF THE YEAR	157,589,429	170,000,011

THE BAD DEBT PROVISION IS CALCULATED ON THE AGEING OF DEBTORS. COUNCILS POLICY IS TO PROVIDE ON DEBTORS BALANCES WHICH HAVE BEEN ESTIMATED TO RESULT IN BAD DEBTS. AMOUNTS TOTTALLING R70 578 358 (2003/2004 : R21 379 487) WERE WRITTEN OFF AGAINST THE PROVISION AS BAD DEBTS. THIS REPRESENTS 4.56% (2003/2004 : 1.73%) OF THE TOTAL OPERATING INCOME FOR THE YEAR.

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
15 OTHER DEBTORS		
	32,656,518	66,570,621
SUNDRY DEBTORS	32,656,518	66,570,621
LESS: PROVISION FOR BAD DEBTS - SUNDRY DEBTORS		
TOTAL OTHER DEBTORS	32,656,518	66,570,621
16 BANK, CASH AND OVERDRAFT BALANCES		
THE MUNICIPALITY HAS THE FOLLOWING BANK ACCOUNTS WITH - FIRST NATIONAL BANK :		
<u>CURRENT ACCOUNT (PRIMARY BANK ACCOUNT)</u> ACCOUNT NUMBER: 5094187782		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	(19,869,869)	-
CASHBOOK BALANCE AT THE END OF THE YEAR	(15,133,522)	(19,869,869)
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	11,956,081	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	14,708,526	11,956,081
<u>CURRENT ACCOUNT</u> ACCOUNT NUMBER: 5094187774		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	(87,249)	-
CASHBOOK BALANCE AT THE END OF THE YEAR	(166,291)	(87,249)
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	(87,249)	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	(166,291)	(87,249)
<u>CURRENT ACCOUNT</u> ACCOUNT NUMBER: 5090058750		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	5,127	-
CASHBOOK BALANCE AT THE END OF THE YEAR	5,127	-
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	5,127	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	5,127	-

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
<u>CURRENT ACCOUNT</u>		
ACCOUNT NUMBER: 50941840627		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	-	-
CASHBOOK BALANCE AT THE END OF THE YEAR	-	-
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	(51,712)	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	993,933	(51,712)
<u>CURRENT ACCOUNT</u>		
ACCOUNT NUMBER: 50941847029		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	211,375	-
CASHBOOK BALANCE AT THE END OF THE YEAR	331,343	211,375
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	555,141	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	446,675	555,141
<u>CURRENT ACCOUNT</u>		
ACCOUNT NUMBER: 50941849512		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	-	-
CASHBOOK BALANCE AT THE END OF THE YEAR	-	-
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	348,018	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	13,813	348,018
<u>CURRENT ACCOUNT</u>		
ACCOUNT NUMBER: 62003432846		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	-	-
CASHBOOK BALANCE AT THE END OF THE YEAR	-	-
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	-	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	4,333	-
<u>CURRENT ACCOUNT</u>		
ACCOUNT NUMBER: 62003433414		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	-	-
CASHBOOK BALANCE AT THE END OF THE YEAR	-	-
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	38,390	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	121,426	38,390

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
<u>CURRENT ACCOUNT</u> ACCOUNT NUMBER: 62006041157		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	1,895,224	-
CASHBOOK BALANCE AT THE END OF THE YEAR	1,289,470	1,895,224
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	-	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	-	-
<u>CURRENT ACCOUNT</u> ACCOUNT NUMBER: 62045272143		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	-	-
CASHBOOK BALANCE AT THE END OF THE YEAR	838,503	-
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	-	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	838,503	-
<u>CURRENT ACCOUNT</u> ACCOUNT NUMBER: 62052319756		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	33,315	-
CASHBOOK BALANCE AT THE END OF THE YEAR	6,968,479	33,315
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	33,315	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	6,968,478	33,315
<u>CURRENT ACCOUNT</u> ACCOUNT NUMBER: 62058007264		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	9,944,153	-
CASHBOOK BALANCE AT THE END OF THE YEAR	8,537,378	9,944,153
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	9,898,633	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	8,537,378	9,898,633
<u>CURRENT ACCOUNT</u> ACCOUNT NUMBER: 62065528930		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	8,431,194	-
CASHBOOK BALANCE AT THE END OF THE YEAR	6,220,508	8,431,194
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	8,392,642	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	6,191,981	8,392,642

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
<u>CURRENT ACCOUNT</u>		
ACCOUNT NUMBER: 62069378539		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	-	-
CASHBOOK BALANCE AT THE END OF THE YEAR	-	-
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	111,878	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	220,670	111,878
<u>CURRENT ACCOUNT</u>		
FIRST NATIONAL BANK LIMITED		
ACCOUNT NUMBER: 50930082248		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	239,915	280,774
CASHBOOK BALANCE AT THE END OF THE YEAR	439,105	239,915
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	6,413	46,693
BANK STATEMENT BALANCE AT THE END OF THE YEAR	206,060	6,413
<u>CALL ACCOUNT</u>		
ABSA BANK LIMITED		
ACCOUNT NUMBER: 9076022706		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	78,186	195,843
CASHBOOK BALANCE AT THE END OF THE YEAR	880,103	78,186
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	78,186	195,843
BANK STATEMENT BALANCE AT THE END OF THE YEAR	880,103	78,186
<u>CURRENT ACCOUNT</u>		
FORESTRY SERVICE OPERATIONS		
CASHBOOK BALANCE AT THE BEGINNING OF THE YEAR	(14,755,405)	(15,032,272)
CASHBOOK BALANCE AT THE END OF THE YEAR	(14,755,392)	(14,755,405)
BANK STATEMENT BALANCE AT THE BEGINNING OF THE YEAR	-	-
BANK STATEMENT BALANCE AT THE END OF THE YEAR	-	-

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
17 PROPERTY RATES		
<u>Actual</u>		
Residential	136,098,664	140,601,850
Commercial	133,662,076	93,485,478
State	38,682,995	32,912,992
Municipal	-	-
Total Assessment Rates	308,443,735	267,000,320
<u>Valuations</u>		
Residential	8,028,403,457	7,656,808,560
Commercial	5,201,139,300	4,881,320,820
State	2,088,999,778	2,110,942,778
Municipal	-	-
Total Property Valuations	15,318,542,535	14,649,072,158
18 SERVICE CHARGES		
Sale of Electricity	570,817,811	397,285,441
Sale of Water	170,810,652	124,929,138
Sewerage	65,212,075	48,765,093
Refuse	40,321,117	30,853,622
Other	-	-
Total Service Charges	847,161,655	601,833,294
19 GOVERNMENT GRANTS AND SUBSIDIES		
<u>GOVERNMENT GRANTS</u>		
CONDITIONAL GRANTS - INCOME	16,424,313	5,515,472
GRANTS - OTHER	37,156,950	17,344
GRANTS & SUBSIDIES / CAPITAL	84,206,524	7,357,104
RSG - INCOME	-	15,122,610
I.A. GRANT (CONST. DEV.)	-	34,074,545
TOTAL GOVERNMENT GRANTS	137,787,987	62,087,074
<u>PROVINCIAL SUBSIDIES</u>		
NATAL PROVINCIAL ADMINISTRATION	101,800,113	35,394,455
NATAL PROVINCIAL ADMINISTRATION - SUBSIDY	10,496,039	8,598,506
PROVINCIAL SUBSIDY - ENVIRONMENTAL HEALTH	99,000	49,500
TOTAL PROVINCIAL SUBSIDIES	112,395,152	44,042,461
TOTAL GOVERNMENT GRANTS & SUBSIDIES RECEIVED AND ALLOCATED AS INCOME	250,183,140	106,129,535

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
<u>NATIONAL/PROVINCIAL GOVERNMENT GRANT & SUBSIDIES (EXPENDITURE REIMBURSEMENT)</u>		
OPERATING EXPENDITURE TRANSFER TO REVENUE	1,751,897	-
CAPITAL EXPENDITURE TRANSFER TO REVENUE	136,036,090	-
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANTS & SUBSIDIES (EXPENDITURE REIMBURSEMENTS)	137,787,987	-
<u>DONATIONS & PUBLIC CONTRIBUTIONS (EXPENDITURE REIMBURSEMENT)</u>		
OPERATING EXPENDITURE TRANSFER TO REVENUE	-	-
CAPITAL EXPENDITURE TRANSFER TO REVENUE	-	-
TOTAL DONATIONS & PUBLIC CONTRIBUTIONS (EXPENDITURE REIMBURSEMENTS)	-	-
TOTAL GOVERNMENT GRANTS AND SUBSIDIES	137,787,987	106,129,535

EQUITABLE SHARE

IN TERMS OF THE CONSTITUTION, THIS GRANT IS USED TO SUBSIDISE THE PROVISION OF BASIC AND ADMINISTRATIVE SERVICES TO INDIGENT COMMUNITY MEMBERS AND TO SUBSIDISE INCOME.

OTHER GRANTS AND SUBSIDIES

ALL OTHER FUNDS RECEIPTED IN THE INCOME ACCOUNT WERE REIMBURSEMENTS FOR EXPENDITURE INCURRED.

NATIONAL/PROVINCIAL GOVERNMENT GRANT & OTHER FUNDING (EXPENDITURE REIMBURSEMENT)

CONDITIONAL GRANTS AND SUBSIDIES ARE RECEIPTED TO THE CONDITIONAL GRANT CREDITOR ACCOUNTS AND ALL CAPITAL AND NON-CAPITAL EXPENDITURE IS EXPENDED THROUGH THE INCOME AND EXPENDITURE ACCOUNT. REIMBURSEMENTS TO THE INCOME ACCOUNT ARE JOURNALISED AGAINST THE CONDITIONAL GRANT CREDITOR ACCOUNTS.

REFER NOTE 8, APPENDIX G AND APPENDIX H FOR MORE DETAIL ON THE CONDITIONAL GRANT AND SUBSIDY BALANCES AND TRANSACTION MOVEMENTS FOR 2005/06.

CONDITIONS ON THE FUNDING WERE COMPLIED WITH AND NO FUNDS WERE WITHHELD.

20 OTHER INCOME

TOTAL OTHER INCOME

-	-
-	-
-	-
-	-

THE MSUNDUZI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
21 GENERAL EXPENSES - OTHER		
DISTRIBUTION - WAGES	32,002,692	31,749,633
LEAVE/SICK PAY - DOWNTIME	11,874,604	10,700,999
EXTRAORDINARY DISCOUNTS	4,172,367	4,671,225
PENSIONS PAYABLE	85,955,804	-
POOR RELIEF	-	-
REFUSE REMOVAL DEPARTMENT CHARGES	-	-
SECURITY GUARDS	-	-
SPARES - AUTOMOTIVE	-	-
TELEPHONES	-	-
GOVERNMENT GRANT EXPENDITURE	-	-
OTHER	-	-
TOTAL GENERAL EXPENSES - OTHER	134,005,467	47,121,858

All categories exceeding R5 000 000 are stated separately.

22 EMPLOYEE RELATED COSTS		
Salaries & Wages	269,472,099	255,282,538
Contributions for UIF, Pensions & medical Aid	62,063,716	58,070,749
Travel, Motor car, accommodation, subsistence & other allowances	12,539,034	8,771,585
Housing benefits & allowances	3,970,917	4,769,751
Overtime payments	26,811,097	24,282,379
Performance bonus	1,546,678	0
Long service awards	8,745,035	8,382,705
Less: Employee costs capitalised to Property, Plant & Equipment	0	0
Less: Employee costs included in other expenses	0	0
Less: Employee Costs Capitalised to PPE	0	-
	385,148,576	359,559,707
 Remuneration of the City Manager		
Annual Remuneration	627,561	707,845
Performance Bonuses	91,312	0
Car Allowance	113,553	0
Contributions for UIF, Medical & Pension Funds	0	0
Total	832,426	707,845

Notes: A provision of R 111 167 has been made i.r.o. a performance bonus for the 2005/2006 financial year which is not included in the above amount.

 Remuneration of the Chief Financial Officer		
Annual Remuneration	522,486	417,612
Performance Bonuses	93,537	0
Car Allowance	115,788	115,788
Contributions for UIF, Medical & Pension Funds	25,587	98,606
Total	757,398	632,006

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
Remuneration of the Director of Internal Audit		
Annual Remuneration	445,148	304,612
Performance Bonuses	58,861	-
Car Allowance	48,000	114,000
Contributions for UIF, Medical & Pension Funds	19,602	72,758
Total	571,611	491,370
Remuneration of the Director of Community Services & Social Equity		
Annual Remuneration	476,112	281,148
Performance Bonuses	77,061	-
Car Allowance	149,340	132,000
Contributions for UIF, Medical & Pension Funds	-	50,607
Total	702,513	463,755
Remuneration of the Director of Sound Governance & Human Resources		
Annual Remuneration	511,905	410,019
Performance Bonuses	91,578	-
Car Allowance	113,553	113,553
Contributions for UIF, Medical & Pension Funds	-	73,803
Total	717,036	597,375
Remuneration of the Director of Corporate Strategic Planning		
Annual Remuneration	433,813	410,019
Performance Bonuses	80,646	-
Car Allowance	113,553	113,553
Contributions for UIF, Medical & Pension Funds	-	73,803
Total	628,012	597,375
Remuneration of the Director of Infrastructure, Services & Facilities		
Annual Remuneration	565,452	410,019
Performance Bonuses	87,814	-
Car Allowance	60,000	113,553
Contributions for UIF, Medical & Pension Funds	-	73,803
Total	713,266	597,375
Remuneration of the Director of Economic Development & Growth		
Annual Remuneration	419,108	395,558
Performance Bonuses	75,269	-
Car Allowance	77,553	113,553
Contributions for UIF, Medical & Pension Funds	93,511	88,408
Total	665,441	597,519

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
23 REMUNERATION OF COUNCILLORS		
Mayor	409,790	387,515
Deputy Mayor	338,019	319,646
Speaker	338,019	319,646
Mayoral Committee Members (Exco)	2,560,610	2,421,427
Councillors	6,494,685	5,835,500
Councillors' Pension and Medical Contribution	806,422	762,570
Other	-	-
Total Councillors' Remuneration	10,947,545	10,046,304
In-Kind Benefits		
The Mayor, Deputy Mayor, Speaker and Mayoral Committee Members (Exco) are full-time. Each is provided with an office and secretarial support at the cost of Council.		
The Mayor has use of a Council owned vehicle for official duties.		
The Mayor has security and an official driver at the cost of Council.		
24 INTEREST PAID		
Annuity Loans	-	-
Finance Leases	43,165,282	43,610,796
Other	-	-
Total Interest on External Borrowings	43,165,282	43,610,796
25 BULK PURCHASES		
Electricity	279,073,166	269,015,040
Water	177,579,136	158,959,248
Total Bulk Purchases	456,652,301	427,974,288
26 GRANTS AND SUBSIDIES PAID		
Sport bodies	12,810	26,596
Arts and culture	244,390	236,415
Mayors grants	8,200	4,850
Total Grants and Subsidies Paid	265,400	267,861
27 CONTRIBUTIONS TO/(FROM) PROVISIONS		
Surplus Contribution - Bad Debt Provision	160,000,000	-
Surplus Contribution - Stated Benefits Provision	45,000,000	-
Surplus Contribution - Landfill Rehab Provision	3,000,000	-
Total Contributions To/(From) Provisions	208,000,000	-

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
28 CASH GENERATED BY OPERATIONS		
Net Surplus for the year	170,590,865	5,499,912
Adjustment for:		
Previous years	-	(4,415)
Transfer to Housing Dev Fund	(2,503,045)	-
Contribution to Provision	262,442	-
Depreciation	78,449,924	67,288,671
Investment Income	(32,287,410)	(20,487,754)
Interest Paid	43,165,282	39,091,273
Operating Surplus Before Working Capital Changes:	<u>257,678,058</u>	<u>91,387,687</u>
(Increase)/Decrease in Inventories	(22,276,273)	1,152,910
(Increase)/Decrease in Service Debtors	(56,600,961)	36,027,627
(Increase)/Decrease in Other Debtors	33,914,103	(4,318,787)
Decrease in Conditional Grants & Receipts	(51,580,102)	8,348,116
Increase/(Decrease) in Creditors	41,649,386	36,944,489
Increase/(Decrease) in VAT	<u>3,277,238</u>	<u>23,707,965</u>
Working Capital Changes	<u>(51,616,608)</u>	<u>101,862,321</u>
Cash Generated from Operations	<u>206,061,450</u>	<u>193,250,008</u>
29 CASH AND CASH EQUIVALENTS		
Balance at the end of the year	159,513,447	109,760,436
Balance at the beginning of the year	<u>238,137,167</u>	<u>159,513,447</u>
Net Increase in Cash and Cash Equivalents	<u>(78,623,720)</u>	<u>(49,753,011)</u>
30 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-Term Liabilities (Refer Appendix A)	-	-
Used to Finance Property, Plant and Equipment	-	-
Used to Finance Property, Plant and Equipment previous years	-	-
Reinstatement of Loans Erroneously Written Off	-	-
Cash Invested for Repayment of External Loans	-	-

THE MSUNDUZI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
31 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
<u>Contributions to SALGA</u>		
Opening Balance	299,652	269,589
Council Subscriptions	(299,652)	(269,589)
Amount Paid - Current Year	-	-
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-
<u>Audit Fees</u>		
Opening Balance	245,535	4,618
Over Provision Written Back	1,704,877	2,069,481
Current Year Audit Fee	(1,748,132)	(1,823,946)
Amount Paid - Current Year	(197,403)	(4,618)
Amount Paid - Previous Years	-	-
Balance Unpaid	4,877	245,535
<u>VAT</u>		
Note: All Vat returns have been submitted by the due date throughout the year.		
<u>PAYE and UIF</u>		
Opening Balance	(19,054)	-
Current Year Payroll Deductions	48,709,189	46,176,056
Amount Paid - Current Year	(48,723,050)	(46,195,110)
Amount Paid - Previous Years	-	-
Balance	(32,915)	(19,054)
Note: The difference represents PAYE & UIF deducted from the employees salaries, however payroll will have to be adjusted		
<u>Pension and Medical Aid Deductions</u>		
Opening Balance	101,312,488	95,994,332
Current Year Payroll Deductions and Council Contributions	(101,312,488)	(95,994,332)
Amount Paid - Current Year	-	-
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-
<u>Councillor's Arrear Consumer Accounts</u>		
Note: There are no reportable items		

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
32. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and Contracted for		
Infrastructure	-	•
Community	•	•
Heritage	-	-
Other	-	•
	<u>-</u>	<u>•</u>
- Approved but not yet Contracted for		
Infrastructure	-	•
Community	•	•
Heritage	-	-
Other	-	-
	<u>-</u>	<u>-</u>
Total Commitments	<u>-</u>	<u>-</u>
This expenditure will be financed from:		
- External Loans	•	•
- Government Grants	-	-
- Other	-	-
	<u>•</u>	<u>-</u>

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
33 CONTINGENT LIABILITIES		
Note: There are no reportable items	-	-
34 RETIREMENT BENEFIT INFORMATION		
The Employees Of The Council As Well As The Council As Employer, Contribute To Municipal Pension, Retirement And Various Provident Funds As Listed Below:		
- Natal Joint Pension Fund		
- Natal Joint Provident Fund		
- Government Employees Pension Fund		
- AIPF		
- SALA Pension Fund		
- Councillors Pension Fund		
Note: Actuarial valuations on The above Funds were not available at year end.		
35 IN-KIND DONATIONS AND ASSISTANCE		
The Municipality received the following in-kind donations and assistance		
36 CORRECTION OF ERROR		
During the year ended 30 June 2006 transactions in respect of the year ended 30 June 2005 have been restated as follows:		
Transactions affecting Creditors	8,888,429	
Transactions affecting Inventory	32,014	
Transactions affecting Capitalisation Reserve	218,928	
Transactions affecting Consumer Debtors	(5,305,315)	
Transactions affecting Other Debtors	(10,112,531)	
Transactions affecting Government Grant Reserve	1,381,257	
Transactions affecting Donations and Public Contributions Reserve	301,025	
Transactions affecting Provisions	(1,284,235)	
Transactions affecting Bank	38,014	
Transaction affecting VAT	27,839	
Net Effect on Accumulated Surplus	(7,715,785)	

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
37 INVESTMENT IN ASSOCIATE		
Note: The Municipality does not have investments in Associates		
38 MUNICIPAL ENTITIES		
Note: The Municipality does have an interest in an entity called The Safe City Project, this was initiated in partnership with the business sector to create a safer CBD.		
39 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
	12,000	508,735
	<u>12,000</u>	<u>508,735</u>
The market cashier incorrectly credited an EFT twice, this has been handed over to our Legal Department. The incident in the 2004/2005 year was a cash heist at the Municipal market. This was reported to the SAPS case Ref: 215 / 08 / 2005		
40 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP		
THE FOLLOWING ADJUSTMENTS WERE MADE TO AMOUNTS PREVIOUSLY REPORTED IN THE ANNUAL FINANCIAL STATEMENTS OF MSUNDUZI MUNICIPALITY ARISING FROM THE IMPLEMENTATION OF GAMAP:-		
ACCUMULATED FUNDS		
CONSOLIDATED LOANS FUND (CLF)		
BALANCE BEFORE IMPLEMENTATION OF GAMAP		
IMPLEMENTATION OF GAMAP		
OUTSTANDING INTERNAL LOANS ON INFRASTRUCTURAL ASSETS, AFTER EXTERNAL LOAN ALLOCATION, RESTATED AS FINANCED FROM THE CLF TO THE CAPITALISATION RESERVE		(37,521,919)
BACKLOG DEPRECIATION ON ASSETS FINANCED BY INTERNAL LOANS FROM CLF TO 2004 TRANSFERRED TO ACCUMULATED DEPRECIATION		(153,520,429)
BALANCE TRANSFERRED FROM SURPLUS AS NO FUNDING WAS AVAILABLE ON CLF		191,042,348
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u>-</u>
CAPITAL DEVELOPMENT FUND (CDF)		
BALANCE BEFORE IMPLEMENTATION OF GAMAP		370,880,855
IMPLEMENTATION OF GAMAP		
OUTSTANDING INTERNAL LOANS ON INFRASTRUCTURAL ASSETS, AFTER EXTERNAL LOAN ALLOCATION, RESTATED AS FINANCED FROM THE CDF TO THE CAPITALISATION RESERVE		(133,827,877)
BACKLOG DEPRECIATION ON ASSETS FINANCED BY INTERNAL LOANS FROM CDF TO 04 TRANSFERRED TO ACCUMULATED DEPRECIATION		(149,321,825)
BALANCE LEFT TRANSFERRED TO ACCUMULATED SURPLUS AS THERE WAS NO CASH FUNDS AVAILABLE ON THE CDF		(87,731,153)
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u>-</u>
PUBLIC IMPROVEMENT FUND (PIF)		
BALANCE BEFORE IMPLEMENTATION OF GAMAP		183,139,968
IMPLEMENTATION OF GAMAP		
OUTSTANDING INTERNAL LOANS ON INFRASTRUCTURAL ASSETS, AFTER EXTERNAL LOAN ALLOCATION, RESTATED AS FINANCED FROM THE PIF TO THE CAPITALISATION RESERVE		(84,802,834)
BACKLOG DEPRECIATION ON ASSETS FINANCED BY INTERNAL LOANS FROM PIF TO 2004 TRANSFERRED TO ACCUMULATED DEPRECIATION		(89,028,443)
FINANCING OF LAND BY PIF TRANSFERRED TO ACCUMULATED SURPLUS		(71,809,447)
BALANCE TRANSFERRED FROM SURPLUS AS NO FUNDING WAS AVAILABLE ON PIF		62,560,756
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u>-</u>

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
SELF-INSURANCE FUND		
BALANCE BEFORE IMPLEMENTATION OF GAMAP		10,187,588
IMPLEMENTATION OF GAMAP		
TRANSFERRED TO SELF-INSURANCE RESERVE		<u>(10,187,588)</u>
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u>-</u>
HOUSING DEVELOPMENT FUND		
BALANCE BEFORE IMPLEMENTATION OF GAMAP		47,915,257
IMPLEMENTATION OF GAMAP		
TRANSFERRED TO NET ASSETS		<u>(47,915,257)</u>
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u>-</u>

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
PROVISIONS AND RESERVES		
LEAVE PAY PROVISION		38,452,838
BALANCE BEFORE IMPLEMENTATION OF GAMAP		
IMPLEMENTATION OF GAMAP		(38,452,838)
TRANSFERRED TO LEAVE PAY CREDITOR ACCOUNT		
BALANCE AFTER IMPLEMENTATION OF GAMAP		
 DISASTER RELIEF FUND		103,350
BALANCE BEFORE IMPLEMENTATION OF GAMAP		
IMPLEMENTATION OF GAMAP		(103,350)
TRANSFERRED TO AN UNSPENT GOVERNMENT GRANT CREDITORS ACCOUNT		
BALANCE AFTER IMPLEMENTATION OF GAMAP		
 LOAN REDEMPTION PROVISION		5,119,680
BALANCE BEFORE IMPLEMENTATION OF GAMAP		
IMPLEMENTATION OF GAMAP		(5,119,680)
TRANSFERRED TO ACCUMULATED SURPLUS		
BALANCE AFTER IMPLEMENTATION OF GAMAP		
 AIRPORT DEVELOPMENT FUND		986,806
BALANCE BEFORE IMPLEMENTATION OF GAMAP		
IMPLEMENTATION OF GAMAP		
TRANSFERRED TO ACCUMULATED SURPLUS AS THERE WERE NO CASH BACKING THIS FUND AND IT COULD THEREFORE NOT BE TRANSFERRED TO THE CAPITAL REPLACEMENT RESERVE.		(986,806)
BALANCE AFTER IMPLEMENTATION OF GAMAP		
 QUARRY REHABILITATION RESERVE		410,279
BALANCE BEFORE IMPLEMENTATION OF GAMAP		
IMPLEMENTATION OF GAMAP		(410,279)
TRANSFERRED TO THE QUARRY REHABILITATION PROVISION		
BALANCE AFTER IMPLEMENTATION OF GAMAP		
 HOUSING MAINTENANCE		179,652
BALANCE BEFORE IMPLEMENTATION OF GAMAP		
IMPLEMENTATION OF GAMAP		(179,652)
TRANSFERRED TO ACCUMULATED SURPLUS		
BALANCE AFTER IMPLEMENTATION OF GAMAP		
 TRUST FUNDS		4,650,491
BALANCE BEFORE IMPLEMENTATION OF GAMAP		
IMPLEMENTATION OF GAMAP		
TRANSFERRED TO UNSPENT PUBLIC DONATIONS AND CONTRIBUTIONS CREDITORS		
CEMETERY ACCOUNT		(10,376)
JOHN HARDY ACCOUNT		(217)
CONT. IMBALI FLOOD VICTIMS - PMB FLOOD VICTIMS		(60,858)
PATRIOTIC LEAGUE ACCOUNT		(41,287)
PEARSE ACCOUNT		(1,185,536)
WELCH ACCOUNT		(322,810)
MARIA KINSMAN ACCOUNT		(581,069)
CEMETERY ACCOUNT (M/RISE)		(2,288,324)
FLEMING TRUST ACCOUNT		(67,163)
MAYORESS NECESSITY FUND		(70,545)
PMB FLOOD DISASTER		(30,989)
REFUGEES TRUST		(60,604)
TRANSFERRED TO DEBTORS:		
CURRY TRUST		23,662
TAYHAM ART GALLERY TRUST		45,624
BALANCE AFTER IMPLEMENTATION OF GAMAP		(0)

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		
BALANCE BEFORE IMPLEMENTATION OF GAMAP		1,116,100,001
IMPLEMENTATION OF GAMAP		
TRANSFERRED TO AN UNSPENT GOVERNMENT GRANT CREDITORS ACCOUNT AS BEING RECEIPTED AS OTHER CAPITAL RECEIPTS		(66,754,272)
RECTIFICATION OF THE 04/05 ASSETS FINANCED BY LEASES		480,694
REDEMPTION ON PREVIOUS INTERNAL LOANS TRANSFERRED TO ACCUMULATED SURPLUS		(150,386,052)
REDEMPTION ON EXTERNAL LOANS TRANSFERRED TO ACCUMULATED SURPLUS		(120,482,238)
PPE FINANCED FROM GOVERNMENT GRANTS TRANSFERRED TO GOVERNMENT GRANT RESERVE.		(397,870,371)
PPE FINANCED FROM PUBLIC CONTRIBUTIONS AND DONATIONS TRANSFERRED TO THE PUBLIC CONTRIBUTION AND DONATION RESERVE.		(67,245,199)
PPE FINANCED FROM OPERATIONS TRANSFERRED TO ACCUMULATED SURPLUS		(203,144,701)
ADJUSTING FOR ASSETS DISPOSED OF 2004/05.		(110,697,863)
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u> </u>
CHANGES IN NET ASSETS		
CAPITALISATION RESERVE		
BALANCE BEFORE IMPLEMENTATION OF GAMAP		
IMPLEMENTATION OF GAMAP		
TRANSFER FROM CONSOLIDATED LOANS FUND		37,521,919
TRANSFER FROM CAPITAL DEVELOPMENT FUND		133,827,877
TRANSFER FROM PUBLIC IMPROVEMENT FUND		84,802,834
OFFSET DEPRECIATION 04/05		(23,953,462)
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u>232,199,168</u>
GOVERNMENT GRANT RESERVE		
BALANCE BEFORE IMPLEMENTATION OF GAMAP		
IMPLEMENTATION OF GAMAP		
TRANSFERRED FROM LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		397,870,371
BACKLOG DEPRECIATION		(98,232,733)
OFFSET DEPRECIATION 04/05		(17,926,147)
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u>281,711,491</u>

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
DONATIONS AND PUBLIC CONTRIBUTIONS RESERVE		
TRANSFERRED FROM LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		67,245,199
BACKLOG DEPRECIATION		(10,235,059)
OFFSET DEPRECIATION 04/05		(2,951,716)
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u>54,058,424</u>
SELF-INSURANCE RESERVE		
TRANSFERRED FROM THE PREVIOUS SELF-INSURANCE FUND		<u>10,187,588</u>
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u>10,187,588</u>
UNAPPROPRIATED SURPLUS		
BALANCE BEFORE IMPLEMENTATION OF GAMAP		1,027,788
IMPLEMENTATION OF GAMAP		
ERRORS PREVIOUS YEARS		575,286
INTERNAL LOANS FROM CDF BALANCED	24	
INTERNAL LOANS FROM CLF BALANCED	23,494	
INTERNAL INVESTMENTS CANCELLED	551,768	
TRANSACTIONS FOR THE YEAR		4,889,561
DEPRECIATION FOR 2004/05	(67,288,671)	
RESTATING INTERNAL LOAN CHARGES	72,178,231	
CHANGES IN ACC POLICY		158,649,115
UNBUNDLING PROVISIONS AND RESERVES	6,286,142	
UNBUNDLING LR&OCR AND FUNDS	226,042,785	
DEFERRED CHARGES WRITTEN OFF	(1,501,581)	
RESTATING INTERNAL LOAN CHARGES	(72,178,231)	
OFFSET DEPRECIATION ACCOUNT		44,831,325
OFFSET DEPRECIATION 2004/05 CREDITED TO SURPLUS	44,831,325	
BALANCE AFTER IMPLEMENTATION OF GAMAP		<u>209,973,075</u>

**APPENDIX A
SCHEDULE OF EXTERNAL LOANS**

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/05	Received during the period	Redeemed written off during the period	Balance at 30/06/06	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS			R	R	R	R		
DBSA - 15.5%	11158	2019/08/27	147 260 517	80 335 000	5 579 102	222 016 415	205,571,141	0
DBSA - 15.5%	11159	2019/08/27				0	0	0
DBSA - 15.5%	11160	2018/12/09				0	0	0
DBSA - 16.5%	13446	2021/12/12				0	0	0
DBSA - 16.5%	13447	2020/12/21				0	0	0
DBSA - 16.5%	13448	2020/02/04				0	0	0
DBSA - 14.27%	14039/101	2023/09/09				0	0	0
DBSA - 14.27%	14039/102	2023/08/27				0	0	0
DBSA - 14.27%	102091	2020/11/02				0	0	0
DBSA - 14.27%	102416	2021/06/28				0	0	0
DBSA - 10.75%	11648	2006/07/01				0	0	0
DBSA - 10.75%	11649	2013/07/01				0	0	0
RMB/INCA - 16.35%	Piet-00-0001	2010/12/31	112 336 168	0	10 433 478	101 902 690	112,151,405	0
RMB/INCA - 13.39%	Msun-00-0001	2010/12/31				0	0	0
INCA - 11.65%	Msun-00-0001	2013/12/31				0	0	0
RMB/HULETTS - 8.71%	Sub-station	2013/06/30	8 450 308		531 663	7 918 645	7,437,365	
						0		
						0		
						0		
						0		
Total Long-term Loans			268 046 993	80 335 000	16 544 243	331 837 750	325,159,911	0
LEASE LIABILITY								
Standard Bank - 8.58%	Stannic 2	2005/07/10	11 287 060	5 447 257	3 251 737	13 482 580	16,451,584	0
Standard Bank - 8.89%	Stannic 3	2005/07/10				0	0	0
Standard Bank - 8.91%	Stannic 6	2009/05/31				0	0	0
Standard Bank - 8.92%	Stannic 7	2009/08/31				0	0	0
Standard Bank - 9.03%	Stannic 8	2010/02/28				0	0	0
Standard Bank - 8.83%	Stannic 9	2010/03/31				0	0	0
Standard Bank - 9.04%	Stannic 10	2010/03/31				0	0	0
Standard Bank - 9.04%	Stannic 11	2010/03/23				0	0	0
Standard Bank - 9.03%	Stannic 12	2010/04/30				0	0	0
Standard Bank - 8.81%	Stannic 13	2010/04/30				0	0	0
Standard Bank - 8.88%	Stannic 14	2010/04/21				0	0	0
Standard Bank - 8.84%	Stannic 15	2010/04/30				0	0	0
Standard Bank - 8.79%	Stannic 16	2010/05/31				0	0	0
Standard Bank - 8.77%	Stannic 17	2010/06/30				0	0	0
Standard Bank - 8.86%	Stannic 18	2010/08/31				0	0	0
Standard Bank - 8.88%	Stannic 19	2010/08/31				0	0	0
Standard Bank - 8.77%	Stannic 20	2010/08/31				0	0	0
Standard Bank - 8.76%	Stannic 21	2010/09/25				0	0	0
Standard Bank - 8.79%	Stannic 22	2011/03/30				0	0	0
Wesbank - 13.97%	SPJ WEV	2006/06/30	1 469 456	0	1 469 456	0	1,772,189	0
ABSA - 8.13%	Abisa 1	2007/08/31	9 943 639	0	2 998 090	6 945 549	4,425,627	0
ABSA - 8.31%	Abisa 2	2009/05/31				0	0	0
ABSA - 9.67%	Abisa 3	2009/04/01				0	0	0
						0	0	0
						0	0	0
						0	0	0
Total lease liability			22 700 155	5 447 257	7 719 283	20 428 129	22,649,400	0
TOTAL EXTERNAL LOANS			290 747 148	85 782 257	24 263 526	352 265 880	347 809 311	0

THE MOUNTAIN MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2006

	Cost					Accumulated Depreciation					Budget Additions 2006
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value	
LAND AND BUILDINGS											
Land	35,068,073	29	551,703	-	35,619,804	-	-	-	-	35,619,804	-
Buildings	86,349,524	1,914,788	205,452	-	88,469,724	16,394,601	2,871,824	-	19,266,425	69,203,300	-
Total Land and Buildings	121,417,596	1,914,817	757,155	-	124,089,529	16,394,601	2,871,824	-	19,266,425	104,823,104	-
Power Stations	46,531,283	7,687	-	-	46,538,970	13,704,010	1,551,043	-	15,255,053	31,283,917	-
Electrical Mains	57,961,127	887,971	-	-	58,849,098	16,725,502	2,898,056	-	19,623,558	39,225,540	-
Electrical Meters	34,268,931	6,509,861	-	-	40,778,792	10,987,978	1,510,350	-	12,498,328	28,280,464	-
Electrical Supply & Reticulation	107,266,724	5,093,254	19,023,462	-	131,383,437	59,822,061	3,179,991	-	63,002,053	68,381,384	-
Load control equipment	-	59,950	-	-	59,950	-	-	-	-	59,950	-
Switchgear Equipment	16,329,048	722,792	-	-	17,051,840	4,416,648	808,438	-	5,225,086	11,826,754	-
Transformer Kiosks	18,970,169	5,037,862	-	-	24,008,031	9,028,694	643,804	-	9,672,498	14,335,534	-
Roads	281,327,282	18,319,374	19,023,462	-	318,670,118	114,684,893	10,591,682	-	125,276,575	193,393,543	-
Motorways	-	155,732	-	-	155,732	-	3,329	-	3,329	152,403	-
Bridges, Subways and Culverts	6,804,101	587,734	-	-	7,391,835	2,064,768	226,955	-	2,291,723	5,070,112	-
Over head bridges	-	187,472	-	-	187,472	-	521	-	521	186,951	-
Bus Terminals	4,041,605	343,156	1,135,318	-	5,520,079	2,327,169	197,306	-	2,524,476	2,995,603	-
Car Parks	36,742	-	-	-	36,742	36,742	-	-	36,742	-	-
Other Roads	300,320,165	14,752,750	10,893,720	-	325,966,634	199,136,716	20,915,980	-	220,052,696	105,913,938	-
Stormwater Drains	45,474,598	247,238	-	-	45,721,836	19,901,984	1,994,401	-	21,896,385	23,825,451	-
Street Lighting	24,039,919	276,285	234,850	-	24,551,054	4,676,908	863,081	-	5,539,989	15,011,065	-
Traffic Islands	26,192	-	-	-	26,192	1,972	2,595	-	4,567	21,625	-
Traffic Lights	1,388,481	250,000	-	-	1,638,481	280,858	68,060	-	348,918	1,289,563	-
Sewerage	382,131,803	16,770,366	12,263,887	-	411,166,057	232,427,118	24,272,228	-	256,699,346	154,466,711	-
Outfall Sewers	2,931,600	-	-	-	2,931,600	127,256	146,580	-	273,836	2,657,764	-
Purification Works	35,893	-	-	-	35,893	35,139	754	-	35,893	-	-
Sewerage Pumps	128,992	41,742	-	-	170,734	5,490	8,911	-	14,400	156,334	-
Sewers	69,236,038	4,388,188	12,010,652	-	85,634,879	35,213,274	2,650,523	-	38,863,797	46,771,081	-
Water	72,332,823	4,429,930	12,010,652	-	88,773,406	36,381,158	2,806,767	-	39,187,926	49,585,180	-
Mains	11,018,514	-	1,285,831	-	12,304,345	377,265	550,926	-	928,191	11,376,154	-
Meters	22,008,120	1,512,051	-	-	23,520,171	6,860,220	1,466,298	-	8,326,518	15,193,653	-
Reservoirs	364,269	-	63,126	-	427,395	20,919	18,213	-	39,132	383,263	-
Reticulation	128,269,752	5,477,162	9,367,839	-	143,114,754	59,239,398	5,576,947	-	64,816,345	78,298,409	-
Treatment Works	-	-	-	-	-	-	-	-	-	-	-
Footways	161,660,655	6,989,213	10,716,796	-	179,366,665	66,497,801	7,612,384	-	74,110,186	105,256,479	-
Footways	13,221,251	842,374	-	-	14,063,625	7,285,612	651,576	-	7,937,188	6,126,437	-
Kerbing	42,099,624	-	-	-	42,099,624	27,159,073	2,101,902	-	29,260,975	12,838,649	-
Airport	55,320,875	842,374	-	-	56,163,249	34,444,685	2,753,477	-	37,198,162	18,965,087	-
Aprons	346,854	-	-	-	346,854	40,800	17,343	-	58,142	288,711	-
Runways	7,952,816	277,111	-	-	8,229,928	2,222,423	397,641	-	2,620,064	5,609,863	-
Taxiways	179,500	-	-	-	179,500	9,723	8,975	-	18,698	160,802	-
Radio Beacons	198,551	-	-	-	198,551	43,150	9,928	-	53,078	145,473	-
Security	8,677,721	277,111	-	-	8,954,832	2,316,096	433,886	-	2,749,983	6,204,850	-
Access Control Systems	51,334	-	-	-	51,334	51,334	-	-	51,334	-	-
Fencing	1,828,160	214,497	-	-	2,042,657	1,599,407	119,349	-	1,718,756	323,900	-
Security Systems	16,224,543	2,900,796	489,810	-	19,615,149	5,049,793	3,146,957	-	8,196,750	11,418,399	-
Total Infrastructure Assets	18,104,037	3,115,293	489,810	-	21,709,140	6,700,534	3,266,306	-	9,966,840	11,742,300	-
Total Infrastructure Assets	979,554,897	50,743,662	54,504,608	-	1,084,803,167	493,452,286	51,736,731	-	545,189,017	539,614,149	-

APPENDIX B CONTINUED
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2006

	Cost					Accumulated Depreciation					Budget Additions 2006
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value	
COMMUNITY ASSETS											
Buildings											
Cemeteries	1,547,154	109,466	-	-	1,656,620	210,627	54,572	-	262,199	1,394,421	-
Civic Theatres	797,763	-	-	-	797,763	522,192	26,592	-	548,784	248,979	-
Clinics and Hospitals	7,797,359	218,444	-	-	8,015,803	1,645,694	260,465	-	1,906,159	6,109,643	-
Community Centres	42,769,680	5,501,909	1,323,056	-	49,594,645	4,236,788	1,425,991	-	5,662,778	43,931,866	-
Fire Stations	1,313,676	-	-	-	1,313,676	755,086	43,551	-	798,637	515,039	-
Games Reserves and Rest Camps	384,377	17,269	-	-	401,645	104,569	12,956	-	117,525	284,120	-
Indoor Sports Facilities	430,645	-	-	-	430,645	144,011	14,355	-	158,366	272,279	-
Library	14,444,952	-	9,123,076	-	23,568,028	1,193,465	479,830	-	1,673,295	21,894,733	-
Museums and Art Galleries	4,526,076	21,500	-	-	4,547,576	1,942,856	150,869	-	2,093,725	2,453,851	-
Parks	1,541,717	333,087	9,899	-	1,884,703	156,153	51,746	-	207,899	1,676,804	-
Public Conveniences	2,587,817	185,057	70,223	-	2,843,097	504,075	88,567	-	592,642	2,250,455	-
Recreation Centres	1,019,451	33,269	20,000	-	1,072,720	36,813	33,982	-	70,795	1,001,925	-
Stadiums	4,581,209	3,408,144	-	-	7,989,352	1,145,612	152,423	-	1,298,035	6,691,317	-
	83,741,876	9,828,145	10,546,254	-	104,116,275	12,597,941	2,792,900	-	15,390,841	88,725,434	-
Recreational Facilities											
Floodlighting	1,904,209	69,932	-	-	1,974,141	709,187	93,334	-	802,521	1,171,621	-
Outdoor Sports Facilities	43,530,501	552,303	-	-	44,082,804	14,981,852	2,142,472	-	17,124,324	26,958,480	-
Swimming Pools	5,564,133	149,737	157,776	-	5,871,646	2,283,954	254,443	-	2,538,398	3,333,248	-
Tennis Courts	189,550	-	-	-	189,550	87,409	9,477	-	96,887	92,663	-
	51,188,393	771,972	157,776	-	52,118,141	18,062,403	2,499,726	-	20,562,129	31,556,012	-
Total Community Assets	134,930,268	10,600,117	10,704,030	-	156,234,415	30,660,343	5,292,626	-	35,952,969	120,281,446	-
OTHER ASSETS											
Other Properties											
Caravan Parks	139,014	-	-	-	139,014	118,088	4,624	-	122,712	16,302	-
Abattoirs	158,279	-	-	-	158,279	127,065	5,276	-	132,341	25,939	-
Kosbels Workers	632,152	-	-	-	632,152	29,126	21,066	-	50,192	581,961	-
Housing Schemes	170,215,391	-	20,968,912	(10,522)	191,173,781	1,985,149	553,126	(10,522)	2,527,753	188,646,028	-
Markets	22,393,627	646,494	-	-	23,040,120	5,805,723	741,184	-	6,546,907	16,493,213	-
Nurseries	488,139	-	-	-	488,139	66,813	16,271	-	83,085	405,055	-
Kilns	1,162,850	-	-	-	1,162,850	214,716	38,762	-	253,478	909,371	-
Tip Sites	45,622,440	5,149,280	-	-	50,771,719	8,391,726	1,520,748	-	9,912,474	40,859,246	-
Old Age Homes	663,494	-	-	-	663,494	159,226	22,116	-	181,342	482,152	-
Transport Facilities	3,373,937	3,326,220	4,899,346	-	11,599,502	1,471,507	109,682	-	1,581,189	10,018,313	-
Workshops and Depots	4,493,603	8,615	14,588	-	4,516,806	897,491	149,787	-	1,047,278	3,469,527	-
	249,342,927	9,130,607	25,882,845	(10,522)	284,345,856	19,266,630	3,182,642	(10,522)	22,438,750	261,907,106	-
Plant and Equipment											
Graders	3,203,621	46,740	-	-	3,250,361	1,887,504	170,257	-	2,057,761	1,192,600	-
Compressors	138,950	-	-	-	138,950	138,950	-	-	138,950	-	-
Cremators	250,000	820,800	-	-	1,070,800	18,056	16,667	-	34,722	1,036,078	-
Farm Equipment	19,875	61,959	-	-	81,834	4,306	3,975	-	8,281	73,553	-
General	11,339,542	715,238	203,043	-	12,257,823	8,705,269	642,110	-	9,347,378	2,910,445	-
Lawnmowers	2,212,961	217,628	-	-	2,430,608	2,097,245	176,944	-	2,274,190	156,419	-
Laboratory Equipment	163,459	167,170	-	-	330,629	73,519	21,814	-	95,333	235,296	-
Radio Equipment	1,428,639	-	-	-	1,428,639	1,297,941	32,675	-	1,330,616	98,023	-
Telecommunication Equipment	1,023,656	4,126,135	-	-	5,149,791	377,236	165,044	-	542,280	4,607,511	-
Tractors	4,406,520	1,187,698	-	-	5,594,218	2,930,698	242,491	-	3,173,189	2,421,030	-
	24,187,243	7,343,368	203,043	-	31,733,653	17,530,723	1,471,977	-	19,002,700	12,730,953	-
Other Assets carried forward	273,530,169	16,473,975	26,085,888	(10,522)	316,079,510	36,797,353	4,654,619	(10,522)	41,441,450	274,638,059	-

APPENDIX B CONTINUED
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2006

	Cost					Accumulated Depreciation					Budget Additions 2006
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value	
Other Assets brought forward	273,530,169	16,473,975	26,085,888	(10,522)	316,079,510	36,797,353	4,654,619	(10,522)	41,441,450	274,638,059	-
Office Equipment											
Air Conditioners	7,272,661	661,266	1,576,253	-	9,510,180	6,431,242	201,381	-	6,632,623	2,877,557	-
Computer Hardware	25,060,273	821,281	-	-	25,881,553	14,447,808	2,632,330	-	17,080,138	8,801,415	-
Computer Software	9,885,723	4,355,253	168,926	-	14,409,903	6,278,308	1,784,178	-	8,062,486	6,347,417	-
Office Machines	4,084,538	387,491	275,817	-	4,747,846	3,628,624	213,903	-	3,842,528	905,318	-
Furniture and Fittings	46,903,195	6,225,291	2,020,997	-	54,549,483	30,785,983	4,831,793	-	35,617,775	18,931,708	-
Cabinets and Cupboards	7,412,537	11,096	-	-	7,423,633	7,412,537	-	-	7,412,537	11,096	-
Chairs	9,797,695	-	-	-	9,797,695	9,687,107	18,691	-	9,705,798	91,897	-
Furniture and Fittings Other	7,660,610	157,085	(100,600)	-	7,717,095	5,204,048	243,149	-	5,447,196	1,269,899	-
Tables and Desks	8,344,739	-	-	-	8,344,739	5,344,739	-	-	5,344,739	-	-
	33,215,581	168,181	(100,600)	-	33,283,162	31,648,431	261,840	-	31,910,271	1,372,891	-
Containers											
Household Refuse Bins	143,364	112,650	-	-	256,014	106,648	9,885	-	116,533	141,481	-
Bulk Containers	657,365	404,895	-	-	1,062,260	71,215	65,737	-	136,951	925,309	-
Fire & Ambulance (Medical)	800,729	517,545	-	-	1,318,274	175,863	75,622	-	251,484	1,066,790	-
Fire Equipment	7,335,859	(2,905)	-	-	7,332,954	6,147,046	84,998	-	6,232,044	1,100,910	-
Ambulance Equipment	897,844	-	-	-	897,844	897,844	-	-	897,844	-	-
Motor Vehicles	8,233,702	(2,905)	-	-	8,230,797	7,044,889	84,998	-	7,129,888	1,100,910	-
Fire Engines	3,611,718	99,978	-	-	3,711,696	3,611,718	-	-	3,611,718	99,978	-
Buses	3,590,670	-	-	-	3,590,670	677,883	209,302	-	887,185	2,703,485	-
Motor Vehicles	12,717,177	1,586,269	-	-	14,303,446	7,694,884	1,500,341	-	9,195,225	5,108,221	-
Motor Cycles	696,111	-	-	-	696,111	535,880	66,266	-	602,146	93,965	-
Trailers	1,147,281	-	-	-	1,147,281	1,147,281	-	-	1,147,281	-	-
Trucks and Bakkies	83,542,594	2,455,658	-	-	85,998,253	44,550,685	6,632,013	-	51,182,698	14,815,555	-
	105,305,551	4,141,906	-	-	109,447,457	78,218,330	8,407,923	-	86,626,253	22,821,204	-
Capital Leases											
Motor Vehicles	-	-	-	-	-	-	-	-	-	-	-
General											
Railway Lines	3,010,503	181,754	-	-	3,192,256	1,581,326	144,406	-	1,725,732	1,466,524	-
Aircraft	367,564	-	-	-	367,564	26,546	24,504	-	51,051	316,513	-
Watercraft	131,177	-	-	-	131,177	131,177	-	-	131,177	-	-
Rivers	1,340,750	121,800	-	-	1,462,550	904,737	63,038	-	967,775	494,775	-
Rivers	-	1,614,573	717,960	-	2,332,533	-	-	-	-	2,332,533	-
Land-Housing	1,304,106	-	-	(8,712)	1,295,395	1,061,042	-	-	1,061,042	234,352	-
Artworks	1,708,864	-	21,989	-	1,730,853	-	-	-	-	1,730,853	-
	7,862,964	1,918,126	739,949	(8,712)	10,512,328	3,704,829	231,949	-	3,936,778	6,575,551	-
Total Other Assets	475,251,892	29,442,119	28,746,234	(19,234)	533,421,011	188,375,677	18,548,743	(10,522)	206,913,898	326,507,113	-
TOTAL	1,711,154,653	92,700,716	94,711,987	(19,234)	1,898,546,122	728,882,908	78,449,925	(10,522)	807,322,309	1,091,225,812	-

THE MSUNDUZI MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2006

Fixed Assets	Historical Cost					Accumulated Depreciation				
Description	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value
Executive and Council	8,977,987	-	-	-	8,977,987	4,398,730	545,461	-	4,944,191	4,033,796
Finance and Administration	293,021,349	15,256,245	7,616,227	-	315,893,821	116,127,034	18,049,952	-	134,176,985	181,716,835
Planning and Development	35,425,387	5,426,123	9,475,995	-	50,327,505	17,791,263	2,117,271	-	19,908,534	30,418,971
Health	13,365,708	439,711	-	-	13,805,420	5,553,569	522,395	-	6,075,963	7,729,457
Community and Social Services	15,392,917	957,872	9,284,616	-	25,635,405	5,741,779	551,717	-	6,293,495	19,341,911
Housing	157,507,686	-	21,176,394	(19,234)	178,664,846	3,819,272	55,150	(10,522)	3,863,899	174,800,947
Public Safety	39,947,857	3,438,152	643,884	-	44,029,893	33,532,365	1,474,845	-	35,007,210	9,022,683
Sport and Recreation	88,028,650	10,898,614	157,776	-	99,085,040	28,790,836	4,142,496	-	32,933,332	66,151,707
Road Transport	415,497,142	18,109,708	5,153,713	-	438,760,564	243,945,138	24,890,361	-	268,835,498	169,925,065
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Water	163,723,150	7,884,230	10,712,966	-	182,320,346	70,923,945	7,402,247	-	78,326,192	103,994,155
Waste Management	134,300,919	10,620,418	11,121,645	-	156,042,982	53,095,250	5,466,880	-	58,562,129	97,480,852
Electricity	313,889,172	19,311,985	19,246,637	-	352,447,795	134,119,455	11,976,019	-	146,095,474	206,352,321
Other	32,076,728	257,057	222,734	-	32,556,518	11,044,274	1,255,132	-	12,299,406	20,257,112
TOTALS	1,711,154,653	92,600,116	94,812,587	(19,234)	1,898,548,122	728,882,908	78,449,925	(10,522)	807,322,309	1,091,225,813

APPENDIX - D

The Msunduzi Municipality: Segmental Statement of Financial Performance for the Year Ended 30 June 2006

<u>2005</u>	<u>2005</u>	<u>2005</u>		<u>2006</u>	<u>2006</u>	<u>2006</u>
<u>Actual Income</u>	<u>Actual Expenditure</u>	<u>Surplus/(Deficit)</u>		<u>Actual Income</u>	<u>Actual Expenditure</u>	<u>Surplus/(Deficit)</u>
10,609	36,741,498	-36,730,889	Executive & Council	320,973	25,967,006	-25,646,033
430,988,050	173,898,052	257,089,998	Finance & Admin	509,121,528	305,533,945	203,587,583
6,351,482	35,073,839	-28,722,357	Planning & Development	13,868,692	42,215,942	-28,347,250
8,172,952	27,284,266	-19,111,313	Health	10,818,848	29,592,890	-18,774,042
6,279,438	24,887,236	-18,607,797	Community & Social Services	10,359,689	20,797,782	-10,438,093
2,709,814	12,717,890	-10,008,077	Housing	31,449,773	17,581,900	13,867,872
9,215,985	77,645,478	-68,429,493	Public Safety	12,185,820	82,748,012	-70,562,191
1,334,619	43,248,237	-41,913,618	Sport And Recreation	3,430,932	44,175,884	-40,744,952
91,449,108	121,458,471	-30,009,364	Waste Management	133,846,383	137,040,598	-3,194,215
2,127,210	61,487,718	-59,360,508	Road Transport	8,955,066	78,135,889	-69,180,822
168,304,843	166,051,619	2,253,224	Water	228,630,537	196,441,080	32,189,457
480,286,399	469,816,154	10,470,245	Electricity	612,210,490	469,750,630	142,459,860
21,713,802	25,863,002	-4,149,201	Other	24,028,513	25,096,930	-1,068,417
1,228,944,311	1,276,173,460	-47,229,149	Sub - Total	1,599,227,243	1,475,078,487	124,148,756
	-47,839,535	-47,839,535	Less: Inter-Dept Charges	0	-43,939,064	-43,939,064
1,228,944,311	1,228,333,925	610,386	Total	1,599,227,243	1,431,139,423	168,087,820

Appendix - E 1

The Msunduzi Municipality: Actual versus Budget (Revenue and Expenditure) for the Year ended 30 JUNE 2006

Description	Actual 2006	Budget 2006	Variance 2006	Variance 2006	Explanation of Significant variances greater than 10% versus Budget
	R	R	R	%	
Revenue					
Property Rates	381,428,996	378,934,813	2,494,183	0.66	
Property Rates - Penalties and Collection Charges	15,055,792	22,709,749	-7,653,957	-33.70	
Service Charges	847,161,656	748,005,076	99,156,580	13.26	
Rentals Received	1,589,536	1,683,426	-93,890	-5.58	
Interest earned - External Investments	10,169,156	5,360,800	4,808,356	89.69	
Interest earned - Outstanding debtors	3,345,165	0	3,345,165	#DIV/0!	
Other interest	18,773,089	15,000	18,758,089	125,053.92	
Fines	10,633,757	8,381,943	2,251,814	26.87	
Licences & Permits	88,544	47,500	41,044	86.41	
Income for Agency Services	954,658	1,500,000	-545,342	-36.36	
Governments Grants & Subsidies	250,183,184	130,203,464	119,979,720	92.15	
Public Contributions & Donations	0	1,178,251	-1,178,251	-100.00	
Other Income	59,843,711	151,943,665	-92,099,954	-60.61	
Total Revenue	1,599,227,243	1,449,963,687	149,263,556	10.29	
Expenditure					
Executive & Council	25,967,006	27,047,268	-1,080,262	-3.99	
Finance & Admin	305,533,945	298,591,079	6,942,866	2.33	
Planning & Development	42,215,942	53,102,600	-10,886,658	-20.50	
Health	29,592,890	29,164,840	428,050	1.47	
Community & Social Services	20,797,782	22,587,483	-1,789,701	-7.92	
Housing	17,581,900	19,498,991	-1,917,091	-9.83	
Public Safety	82,748,012	83,985,320	-1,237,308	-1.47	
Sport And Recreation	44,175,884	45,286,095	-1,110,211	-2.45	
Waste Management	137,040,598	132,391,475	4,649,123	3.51	
Road Transport	78,135,889	93,312,007	-15,176,118	-16.26	
Water	196,441,080	184,428,005	12,013,075	6.51	
Electricity	469,750,630	500,377,058	-30,626,428	-6.12	
Other	25,096,930	28,784,087	-3,687,157	-12.81	
Less: Inter-Dept Charges	-43,939,064	-73,574,562	29,635,498	-40.28	
Total Expenditure	1,431,139,423	1,444,981,746	-13,842,323	-0.96	
Operating Surplus/(Deficit)	168,087,820	4,981,941	163,105,879	3,273.94	

APPENDIX E 2

The Msunduzi Municipality: Actual versus Budget (Acquisition of Property, Plant & Equipment) for the Year Ended 30 JUNE 2006

	<u>2006 Actual</u>	<u>2006 Under Construction</u>	<u>2006 Total Additions</u>	<u>2006 Budget</u>	<u>2006 Variance R</u>	<u>2006 Variance %</u>	<u>Explanation of Significant variances greater than 5% versus Budget</u>
Executive & Council	0	0	0	0	0	0.00	
Finance & Admin	17,516,153	7,616,227	25,132,380	41,842,538	-16,710,158	-39.94	
Planning & Development	3,565,187	9,475,995	13,041,182	15,669,902	-2,628,720	-16.78	
Health	439,711	0	439,711	474,431	-34,720	-7.32	
Community & Social Services	680,575	9,284,616	9,965,191	12,797,689	-2,832,498	-22.13	
Housing	-225,120	21,176,394	20,951,274	11,306,853	9,644,421	85.30	
Public Safety	3,415,532	643,884	4,059,416	4,429,538	-370,122	-8.36	
Sport & Recreation	10,912,625	157,776	11,070,401	15,740,702	-4,670,301	-29.67	
Waste Management	10,620,418	11,121,645	21,742,063	35,911,717	-14,169,654	-39.46	
Roads	18,123,784	5,153,713	23,277,497	29,211,876	-5,934,379	-20.31	
Water	7,154,537	10,712,966	17,867,503	23,766,648	-5,899,145	-24.82	
Electricity	19,410,540	19,258,312	38,668,853	40,227,209	-1,558,356	-3.87	
Other	991,489	211,059	1,202,548	1,634,620	-432,072	-26.43	
Total	92,605,432	94,812,587	187,418,019	233,013,723	-45,595,704	-19.57	

THE MSUNDUZI MUNICIPALITY

APPENDIX G
CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2006

	UNSPENT BALANCE 1-Jul-2005	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30-Jun-2006
NATIONAL GOVERNMENT							
Equitable Share Grant	-	-	-	-	-	-	-
Dwaif Funded Projects-Sewerage	-	-	-	-	-	-	-
Dwaif Funded Projects-Water	-	-	-	-	-	-	-
Restructuring Grant	50,290,643	2,875,731	-	(41,928,366)	-	(594,676)	10,643,332
WSEP	-	-	-	-	-	-	-
CNUP	15,835,069	-	-	-	-	(15,835,069)	-
MHG	9,886,941	47,710,187	-	-	(46,689,871)	15,835,069	26,742,326
	-	-	-	-	-	-	-
	76,012,653	50,585,918	-	(41,928,366)	(46,689,871)	(594,676)	37,385,658
PROVINCIAL GOVERNMENT							
Provincial Housing Board	32,389,682	8,792,020	-	(22,509,975)	-	-	18,671,727
Provincial Grants	8,642,580	4,654,559	-	(2,812,760)	-	-	10,484,379
Provincial Government carried forward	41,032,262	13,446,579	-	(25,322,735)	-	-	29,156,106

THE MSUNDUZI MUNICIPALITY
APPENDIX G CONTINUED
CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2006

	UNSPENT BALANCE 1-Jul-2005	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30-Jun-2006
Provincial Government brought forward	41,032,262	13,446,579	-	(25,322,735)	-	-	29,156,106
Aids Training and Info Centre-ATIC	-	-	-	-	-	-	-
	41,032,262	13,446,579	-	(25,322,735)	-	-	29,156,106
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	117,044,915	64,032,497	-	(67,251,101)	(46,689,871)	(594,676)	66,541,764
DONATIONS AND PUBLIC CONTRIBUTIONS							
Donations & Public Contributions carried forward	-	-	-	-	-	-	-

THE MSUNDUZI MUNICIPALITY

APPENDIX G CONTINUED

CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2006

	UNSPENT BALANCE 1-Jul-2005	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30-Jun-2006
Donations & Public Contributions brought forward	-	-	-	-	-	-	-
TOTAL DONATIONS & PUBLIC CONTRIBUTIONS	-	-	-	-	-	-	-
TOTAL CONDITIONAL GRANTS & RECEIPTS	117,044,915	64,032,497	-	(67,251,101)	(46,689,871)	(594,676)	66,541,764